

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 EUR-25 CIAE-00 PM-07 H-03 INR-11 L-03

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TO SECSTATE WASHDC 6060

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USCINCEUR VAIHINGEN GERMANY

C O N F I D E N T I A L SECTION 1 OF 2 TUNIS 6054/1

E.O. 11652: GDS

TAGS: MASS, TS

SUBJECT: TUNISIAN INTEREST ARREARAGES

REF: STATE 177624, TUNIS 6052

1. SUMMARY: THOROUGH REVIEW OF RECORDS HERE PERTAINING TO GOT INTEREST ARREARAGES AN OLD DEBT (STATE REFTL) INDICATE DISCREPANCIES THAT WE BELIEVE MAY BE INIMICAL TO OUR CASE IN DEMANDING PAYMENT. CHIEF AMONG THESE DISCREPANCIES IS ORIGINAL FAILURE OF USG ACCOUNTANTS TO CREDIT AN OVERPAYMENT OF INTEREST TO A REDUCTION OF PRINCIPAL PRIOR TO CALCULATING INTEREST DUE SINCE 1964. BILL NO. 3 FOR BALANCE TO CLOSE OUT CASE AAB(502), THE LAST OF FOUR CASES (AAA, AAB, NAA, AND AAC), WAS RENDERED 20 MAY 1965 AND WAS INCORRECT AT THAT TIME DUE TO IMPROPER CREDITING OF GOT PAYMENT OF AUG 64. BILLING PRESENTED GOT IN 1965 CONTAINED BALANCE DUE WHICH WAS SUBSEQUENTLY REVISED DOWNWARD IN 1967 AND THEN READJUSTED UPWARD TO A FINAL FIGURE IN 1971. APPARENTLY A RECAPITULATION PERFORMED IN 1972 WAS FIRST TIME AN ACCURATE ACCOUNTING PERMITTING ACTUAL DEBT DETERMINATION WAS
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MADE. THIS DEBT HAS BEEN LATER REVISED DOWNWARD IN 1973

(BECAUSE OF INTEREST CALCULATED AGAIN ON AN INCORRECT PRINCIPAL AMOUNT) TO CURRENT INDEBTEDNESS OF DOLS 50,799.86. PRIOR TO 1972, BILLING WAS CONFUSED TO THE POINT GOT COULD NOT HAVE DETERMINED ACTUAL AMOUNT OF DEBT; NOR IS THERE EVIDENCE THAT USG HAD RENDERED AN ACCURATE ACCOUNT. ACCOUNTING ERROR IN NOT CREDITING INTEREST OVERPAYMENT; AND, AS SUBSEQUENTLY DETERMINED, PRINCIPAL OVERPAYMENT ON CASE AAC(504) TO THE REDUCTION OF OUTSTANDING PRINCIPAL OF CASE AAB(502) WAS NO CORRECTED UNTIL 1972. AT THIS TIME GOT PROMPTLY PAID THE OUTSTANDING PRINCIPAL. CURRENT INDEBTEDNESS CONSISTS ENTIRELY OF INTEREST CHARGES ON AN INCORRECTLY BILLED PRINCIPAL. USG DID NOT DETERMINE A FINAL CASE VALUE FOR CASE AAC(504) UNTIL 1971. WHILE GOT CAN BE FAULTED FOR NOT QUESTIONING ERRONEOUS BILLING AND NOT ACQUIESCING IN USG DEMAND FOR PAYMENT, USG CAN BE CRITICIZED FOR FAILING TO RENDER A CORRECT ACCOUNT IN THE FIRST PLACE AND THEN SUCCESSIVELY MULTIPLYING INTEREST CHARGES. END SUMMARY.

2. PARA 4 STATE REFTTEL OUTLINES DEBT OF 50,799.86 DOLLARS INTEREST CHARGE ON FMS CASE AAB(502). THOROUGH REVIEW OF RECORDS AVAILABLE HERE INDICATE FOLLOWING FACTS PERTINENT TO PAYMENT OF DEBT:

A. RECAPITULATION APPARENTLY MADE AS RESULT OF JUNE 72 MEETING OF GOT OFFICIALS, DCM, USLOT MEMBERS AND MSSRS. BERSON AND WEST, CHMA/SAD AND DSAA (F/A) RESPECTIVELY. THIS RECAPITULATION FINALLY RESOLVED AMOUNT OF DEBT DUE USG AS 314,439.10 DOLLARS PLUS INTEREST CHARGES OF 88,042.91 DOLLARS CALCULATED FROM 1965 THROUGH JUNE 1971.

B. BASIS FOR THIS DEBT IS UNPAID BALANCE DUE ON CASE AAB(502). THIS BALANCE WAS AFFECTED BY CREDITING OVERPAYMENT MADE ON CASE AAC(504). THE AMOUNT OF OVER PAYMENT WAS ADJUSTED AS ACCOUNTANTS APPARENTLY RECEIVED AND DEBITED BILLS PERTINENT TO CASE AAC(504). CASE VALUE OF CASE AAC(504) WAS INITIALLY SET AT 1,910,995.36
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DOLLARS IN 1959. A PRINCIPAL PAYMENT WAS APPLIED IN THE AMOUNT OF 1,542,970.14 DOLLARS IN 1964. CASE VALUE WAS FURTHER ADJUSTED 16 MAY 1967 TO 1,463,490.96 DOLLARS. CASE VALUE WAS AGAIN ADJUSTED 12 MARCH 1971 TO 1,540,645.22 DOLLARS.

C. HISTORY OF APPLICATION OF GOT PAYMENTS THROUGH AUG 1964 INDICATES AN OUTSTANDING PRINCIPAL DEBT OF 438,155.72 DOLLARS AND INTEREST OVERPAYMENT CREDIT REPEAT

CREDIT OF 123,716.62 DOLLARS BASED ON 12 MARCH 1971
CASE AAC(504) FINAL CASE VALUE. EVENTUAL APPLICATION OF INTEREST
CREDIT TO PRINCIPAL DEBT IN 1972 RESULTED IN INDEBTEDNESS OF
314,439.10 DOLLARS.

D. GOT DEPOSITED CHECK IN AMOUNT OF 314,439.10
DOLLARS ON 30 JUNE 1972 FOLLOWING MEETING OF 5-7 JUNE
1972.

3. IT APPEARS FRO THE FOREGOING THAT MEETING OF 5-7
JUNE 1972 WAS THE FIRST TIME USGL WAS ABLE TO PRESENT AN
ACCURATE AND COMPLETE RENDERING OF THE OUTSTANDING ACCOUNT
FOR CASE AAB(502) BASED ON THE FINAL CASE VALUE OF CASE
AAC(504) DETERMINED IN 1971.

4. PREVIOUS INTEREST CHARGES ACCUMULATING FROM 1965
TO JUNE 1971 APPEAR BASED ON A CASE VALUE FOR CASE
AAC(504) WHICH WAS ADJUSTED TWICE WITH THE FINAL DETER-
MINATION OF THE CASE VALUE BEING MADE IN MARCH 1971 AND
THE INTEREST WAS COMPUTED ON THE 1971 CASE VALUE WHICH
IS HIGHER THAN THE 1967 CASE VALUE BUT LOWER THAN THE
1959 INTTIAL CASE VALUE.

5. IN VIEW OF THE FACTS THAT BILLING AMOUNT WAS NOT
FINALLY RESOLVED UNTIL 7 JUN 1972, AND PROMPT PAYMENT
BY GOT WAS MADE ON 30 JUNE 1972 OF AMOUNT DUE; GOT SEEMS TO

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